



COMBUSTION EQUIPMENT ASSOCIATES, INC.

1381 Oak Point Avenue, N.Y. N.Y. 10474 • 212/980-3740 • Telex: 126090

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IRLCMB 010 0227

November 12, 1976

Compactions Systems Corporation
1381 Oak Point Avenue
Bronx, NY 10474

ATTN: Mr. Martin Sternberg
Vice President

Gentlemen:

This letter will serve to indicate Combustion Equipment Associates, Inc.'s (CEA's) intention to enter into an Agreement for Interim Service with Compaction Systems Corporation (CSC). For the purposes of this Agreement, Interim Service shall consist of the operation of transfer stations in Westport and Stratford, Connecticut, and the associated haulaway and disposal program for those stations starting on or about December 23, 1976 and continuing until the commercial Operating Date for the Greater Bridgeport System as defined in the Construction Agreement between CEA and the Connecticut Resource Recovery Authority. The terms and conditions for this Interim Service shall be in accordance with CSC's proposal, dated November 3, 1976, attached hereto and made part of this letter of intent.

As soon as possible, CSC is to have its legal council prepare an Agreement detailing in more particular the proposed service upon which this letter of intent is based.

It is understood that the price associated with CSC's proposal is \$6.00/ton plus those costs which are to be absorbed by CEA as delineated in the November 3, 1976, proposal. These prices are predicated upon finalization of an Agreement by which CEA would guarantee to CSC a minimum tonnage commitment of 60 tons per day per transfer station based on a six day operating week.

If this letter of intent outlines in brief form your understanding of our Agreement, please indicate your acceptance by signing below.

Compactions Systems Corporation
Mr. Martin Sternberg

-2-

November 12, 1976

CEA wishes to take this opportunity to thank you for your proposal and assistance in this matter, and we look forward to a mutually beneficial relationship.

Very truly yours,

COMBUSTION EQUIPMENT ASSOCIATES, INC.



T. Darrah Moore

Vice President

Manager

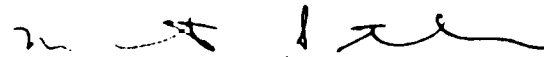
Connecticut Resource Recovery Programs

TDM:gr

ACCEPTED:

Compactions Systems Corporation

BY:



Martin Sternberg, Vice President

HAULING MANAGEMENT AGREEMENT

Agreement made this 17th day of December, 1976, by and between Combustion Equipment Associates, Inc. ("CEA"), a corporation duly organized and existing under and by virtue of the laws of the State of New York with offices at 555 Madison Avenue, New York, New York 10022 and Compaction Systems Corporation of Connecticut (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the State of Connecticut with offices at 1381 ~~Compaction Systems Corporation, 26850~~ Oak Point Avenue, Bronx, New York 10474. *Subj*

WHEREAS, CEA has entered into a Construction Agreement (the "Connecticut Agreement") with the Connecticut Resource Recovery Authority and pursuant to which, CEA will, prior to the commercial operation date as therein defined:

(i) operate certain solid waste transfer stations in municipalities located in the State of Connecticut including the towns of Westport, Darien and Stratford; and (ii) provide for the hauling and disposal of all waste material (the "Material") processed at such transfer stations; and

WHEREAS, CEA is desirous of employing the services of the Company to cooperate with it in the operation of the solid waste transfer stations located at Westport, Darien and Stratford, Connecticut (the "Stations") and to haul and dispose of Material

from the Stations utilizing the equipment provided by CEA; and

WHEREAS, the Company is desirous of performing such services for CEA on the terms and subject to the conditions of this Agreement,

NOW, THEREFORE, it is hereby agreed as follows:

1. Services to be performed.

The Company shall, commencing on December 23, 1976:

(1) Consult and cooperate with CEA in the management and operation of the Stations utilizing the personnel employed by CEA;

(2) Haul the Material from the Station commencing no earlier than 6:00 A.M. and ending no later than 5:00 P.M. of each Operating Day (hereinafter defined), utilizing drivers employed by the Company and equipment and fuel provided by CEA;

(3) Dispose of the Material at legally approved Landfills, with the charges of all such Landfills being reimbursed to the Company by CEA (such charges shall be subject to prior approval of CEA which approval shall not be unreasonably withheld) and in connection therewith the Company shall provide CEA with

such proof as to the legality of the fill sites as CEA may reasonably request and any contracts evidencing the Company's rights to dump at such landfill sites;

(4) Provide all regular daily and periodic maintenance including all changes of oil, grease and filters, provided that: (i) such maintenance shall not include any major repairs, other than welding, and if any such major repairs are performed by the Company, CEA shall pay the Company its then prevailing charges for such services which charges are, at the date of this Agreement, \$20 per hour with respect to labor; (ii) CEA shall pay the actual net cost to the Company of all parts utilized in providing maintenance on CEA owned equipment; and (iii) upon billing, the Company shall provide CEA with all information reasonably requested as to the need for repairs, the cause of any damage to any equipment owned by CEA, the time spent for labor and the expenditures made for parts;

(5) Provide road service including flat repair service but excluding towing, provided that the Company shall be required to obtain

road service in any area where provision of such service by the Company itself would be illegal and the Company shall obtain prompt towing services and additional road service, at CEA's expense;

(6) Lease to CEA all equipment presently utilized at the Station located at Westport for such period of time as shall reasonably be requested by CEA and at charges identical to those paid by Westport to the Company for the rental of such equipment prior to CEA's assumption of the operation of the Station at Westport; and

(7) Perform such other services as reasonably shall be requested by CEA, provided that for all such services, the Company shall charge CEA its then prevailing rate with respect to all labor utilized plus the Company's cost with respect to all parts utilized when performing such services.

2. Compensation.

2.1 In consideration of the services to be performed by the Company under this Agreement, CEA shall pay to the Company monthly, within ten days

of invoicing by the Company, a fee (the "Fee") of \$6.00 per ton, with respect to all Material removed from the Stations. CEA shall be allowed to establish reasonable procedures for verification of amounts of Material removed from the Stations. If the Material is not weighed, the Fee shall be at the rate of \$1.50 per cubic yard, each such cubic yard to be presumed to weigh 500 pounds.

2.2 Notwithstanding the foregoing, CEA shall pay to the Company at least a minimum fee (the "Guaranteed Fee"), for each of the Stations, commencing on December 23, 1976 for the Westport Station and commencing with the initial operation of the Stratford and Darien Stations. The Guaranteed Fee for each Station shall be equal to \$360.00 for each "Operating Day". The term "Operating Day" shall be deemed to mean every day other than Sunday. The Guaranteed Fee shall be computed and paid as follows:

(1) During the initial three month period of this Agreement, each invoice delivered by the Company to CEA shall indicate: (i) the number of tons of Material actually removed from each of the Stations during such month; and (ii) the computation of the Guaranteed Fee for

the relevant month, and CEA shall pay to the Company for each Station the greater of the amount which would be due to the Company for the Material removed from each Station or the Guaranteed Fee for such Station;

(2) At the end of the initial three month period of this Agreement, the Company shall: (i) compute the amount which would be due the Company based upon Material actually removed from each of the Stations and the Guaranteed Fee for each of the Stations for the initial three month period of operations; and (ii) in the event the amounts paid to the Company, for either of the Stations, exceeds the greater of (x) total Fees which would be due the Company for the Material removed from the Stations or (y) the Guaranteed Fee for such period, credit CEA with an amount equal to the amount by which actual payments to the Company exceed the total Fees for the period;

(3) Any credit due the Company, pursuant to subparagraph 2.2(2) above, shall be applied in six equal monthly installments to the invoices rendered by the Company to CEA during the succeeding six month period; and

(4) Following the initial three month period of this Agreement, the Company shall: (i) bill CEA, and CEA shall pay to the Company monthly the amounts due the Company based on actual removal of Material from each of the Stations; and (ii) at the end of each successive six month period, the Company shall compute the Guaranteed Fee for each such period and in the event that such Guaranteed Fee exceeds, for any of the Stations, the amount actually paid to the Company, CEA shall pay such amount to the Company within ten (10) days of billing.

2.3 If, during the term of this Agreement, CEA secures for the Company's use a legal landfill site closer than the site or sites being used by the Company from time to time, then and in such event (i) the Company shall use such site or sites; and (ii) the parties agree to negotiate in good faith for a reduction in the Company's compensation hereunder.

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3. Equipment.

3.1 All CEA equipment used by the Company pursuant to this Agreement shall be replaced or repaired at CEA's expense when necessary. Any cost of replacement or the incurrence of any repair charge billable to CEA in an amount in excess of \$750 shall require the approval of CEA which approval shall not be unreasonably withheld. CEA shall provide equipment to be used by the Company solely for the provision of the services under this Agreement, as follows:

(1) Six (6) tractors, as more particularly

described on Exhibit 1 hereto;

- (2) Eight (8)-65 cubic yard trailers for use with the tractors, as more particularly described on Exhibit 1 hereto;
- (3) Stations at Westport, Darien and Stratford, each with a suitable compactor; and
- (4) Replacement parts including replacement tires and tubes as shall be reasonably necessary for the safe operation of the equipment.

3.2 The following equipment shall be supplied and maintained by the Company for utilization in performing its obligations under this Agreement:

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- (1) Service vehicles of such type as shall be determined by the Company and subject to the approval of CEA which approval shall not be unreasonably withheld;
- (2) Such radio communication equipment as shall reasonably be deemed necessary by the Company and subject to the approval of CEA, which approval shall not be unreasonably withheld; and
- (3) Such service facilities, including welding equipment, as shall reasonably be determined to be necessary by the Company and subject to the approval of CEA, which approval shall not be unreasonably withheld.

In addition to the foregoing, the Company shall furnish and use such other equipment (except equipment required to be furnished by CEA hereunder or additional equipment of a similar nature) as may be necessary for the proper performance by it of this Agreement.

4. Personnel.

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4.1 The following personnel shall be provided by the Company to perform services under this Agreement, with all of the expenses of employment of such personnel being borne by the Company:

- (1) Five tractor-trailer drivers;
- (2) Service personnel as determined by the Company;
- (3) One qualified mechanic to be available to perform services in Connecticut as shall be required;
- (4) Additional mechanics as are deemed necessary by the Company and as are normally employed by the Company in its regular operations; and
- (5) Two foremen to supervise the activities of the Company in Connecticut.

Notwithstanding the aforesaid enumeration, the Company shall provide such additional or different personnel as are reasonably necessary to enable the Company to fully perform this Agreement.

4.2 CEA shall employ all personnel as shall reasonably be required for the proper operation of the Stations. Such employees shall remain under the complete control of CEA.

5. Operations.

5.1 Except to the extent that CEA's damages are

hereto a made part hereof, which insurance CEA agrees to keep in full force and effect, the Company shall be liable for and agrees to hold and save CEA harmless from and against any direct loss, cost, damage or expense, including reasonable attorneys' fees, arising out of or resulting from any negligent action or inaction of the Company.

5.2 CEA agrees to provide or cause to be provided liability insurance with respect to all of the equipment owned by CEA and to be utilized in connection with this Agreement, which insurance shall be in amounts which are customary in the industry, but shall not be less than Thirty Million (\$30,000,000) Dollars for each occurrence, and shall continue in effect at all times during this Agreement. CEA shall allow the Company, at any time during normal business hours, to inspect all policies of insurance then in effect with respect to any of the equipment owned by CEA and utilized by the Company and shall, upon request, provide the Company with satisfactory evidence that such insurance policies remain in effect. All insurance policies maintained by CEA, pursuant to this Agreement shall provide for the operation of the insured vehicles by employees and agents of the Company or any other Company, at least fifty percent (50%) of the capital stock of which is owned by Martin Sternberg and Benny Villani, provided that the Company shall notify CEA of all corporations which are to be named pursuant to this provision.

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5.3 CEA shall provide all necessary permits and licenses, other than drivers' licenses, required in connection with the performance of the Company's services under this Agreement and the Connecticut Agreement, including all motor vehicle licenses, fuel permits, state permits, and tolls, and CEA will pay or cause to be paid all road taxes, federal highway use taxes, mileage taxes, fuel taxes, licenses, permits or other levies or assessments based upon the operation of any of the vehicles owned by CEA. The Company shall, at the expense of CEA, assist CEA in obtaining all necessary permits and licenses pursuant to this paragraph 5.3.

5.4 The Company shall be solely responsible for all traffic summonses or citations received with respect to the operation of equipment owned by CEA by employees or agents of the Company. Notwithstanding the foregoing, CEA agrees that as its personnel will be operating the Stations and, therefore, will have sole control over the amount of Material loaded onto any individual trailer, CEA shall be solely responsible for the payment of any fine incurred by

the Company or any employee or agent of the Company as a result of the operation of an overloaded vehicle provided CEA receives advance written notice of the alleged violation and is given the opportunity to resist such fine (at its own cost) should it elect to do so.

5.5 The Company shall maintain its operations removing Material from the Stations during all days when the Stations are operating.

6. Term.

This Agreement shall remain in effect from the date hereof until the commercial operating date for the greater Bridgeport System as defined in the Connecticut Agreement. Notwithstanding the foregoing, this Agreement, including the Guaranteed Payments, shall remain in effect for a period of at least 15 months commencing on December 23, 1976.

7. Indemnification.

7.1 The Company shall indemnify and hold CEA harmless, at all times after the date of this Agreement, against and in respect of any and all liabilities of, or claims against CEA, arising out of the Company's negligent performance under

the Agreement. Notwithstanding the foregoing, the Company shall not be responsible to CEA with respect to any claim or loss of CEA which does not arise from performance by the Company under this Agreement or which is required to be insured by CEA pursuant to this Agreement to the extent of the proceeds of such insurance.

The Company shall reimburse CEA, on demand, for any payment made by it or loss, damage, cost or expense suffered by CEA at any time after the execution of this Agreement with respect to any liability or claim to which the foregoing indemnity relates. Should any claim be made by a person not a party to this Agreement, with respect to any matter to which the foregoing indemnity relates, CEA shall, within a reasonable period of time, give the Company written notice of any such claim and the Company may defend such claim at its sole expense, on its own behalf and with counsel of its choosing. In connection with the defense or settlement of any claim, CEA shall cooperate with and assist the Company to the maximum extent reasonably possible.

7.2 CEA shall indemnify and hold the Company harmless, at all times after the date of this

Agreement, against and in respect of any and all liabilities and obligations of, or claims against the Company, in any way connected with the Company's performance under the Agreement and to the extent that any such claim or loss is: (i) based upon the gross negligence, negligence or malfeasance of CEA; or (ii) is covered by insurance maintained by CEA. CEA shall reimburse the Company, on demand, for any payment made by it or loss, damage, cost or expense suffered by the Company at any time after the execution of this Agreement with respect to any liability or claim to which the foregoing indemnity results. Should any claim be made by a person not a party to this Agreement, with respect to any matter which the foregoing indemnity relates, the Company shall, within a reasonable period of time, give CEA written notice of any such claim, at its sole expense, on its own behalf, and with counsel of its choosing. In connection with the defense or settlement of any claim, the Company shall cooperate with and assist CEA to the maximum extent reasonably possible.

8. Performance Bond.

Following the execution of this Agreement, the Company will obtain, at the expense of CEA, Performance Bonds, in form and substance satisfactory to

CEA and to the Department of Environmental Protection of the State of Connecticut, bonding any losses which may be incurred as a result of any failure on the part of the Company to perform its obligations under this Agreement. The above-described Performance Bonds shall be in the amounts of six hundred thousand dollars (\$600,000) and one hundred thousand dollars (\$100,000) respectively.

9. Guarantee.

Compaction Systems Corporation ("Compaction") is a corporation formed under the laws of the State of New York, all of the capital stock of which corporation is owned by those persons owning the outstanding capital stock of the Company. As a result of the common stock ownership of the Company and Compaction and the Company's utilization of property and equipment owned by Compaction with resultant intercorporate charges for such use, Compaction expects to derive substantial financial benefit from the Company's execution of this Agreement with CEA. Therefore, as an inducement to CEA to enter into this Agreement, Compaction hereby guarantees to CEA, its successors and assigns, the performance of each and every obligation of the Company under this Agreement. It is understood that no claims shall be made against Compaction as a result of its guarantee of such obligations

unless and until written demand for satisfaction has been made to the Company with respect to such claim and any applicable notice requirements and grace periods provided for in this Agreement with respect to the items or circumstances giving rise to such claim have been complied with or expired. As evidence of its guarantee, Compaction has executed this Agreement and such execution shall not obligate them, in any way under this Agreement, other than as provided for in this Section 9, provided, however, the parties hereto may alter, amend or modify this Agreement without relieving Compaction from this guarantee obligation.

10. Events of Default.

Upon the occurrence of any of the following events of default:

(1) (a) The Company shall fail to haul the Material for a period of 24 hours from notice of such failure, which notice may be given orally, (in person or by telephone) or in writing, by any available means; or

(b) There shall be a material failure on the part of the Company to provide the services required of it pursuant to this Agreement which failure shall continue for five (5) business days after written notice thereof has been forwarded by CEA to the Company;

(2) The Company shall, in the performance of its obligations under this Agreement, be in violation of any provision of law which violation results,

or might reasonably be expected to result in: (i) criminal liability on the part of the Company or CEA or any agent or employee of the Company or CEA; or (ii) financial penalties which adversely affect the profitability of CEA's operation of the Stations, notwithstanding the foregoing, the incurrence of traffic violations or summonses for driving vehicles with excessive loads shall not be deemed to be illegal acts for the purposes of this Agreement (in the case of (ii), the Company shall be permitted to cure any such default within six (6) business days after written notice thereof has been forwarded by CEA to the Company);

(3) The Company shall utilize equipment provided to the Company by CEA for use in connection with the services to be performed, pursuant to this Agreement, in any other aspect of the Company's business, provided, however, that the Company shall not be deemed to be in default if it cures such default under this Section 10(3) within two (2) hours after notice on three (3) occasions, after which no notice of such default shall be required;

(4) The Company or Compaction shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization or any similar relief under the federal bankruptcy laws;

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(5) The filing of an involuntary petition against the Company or Compaction in bankruptcy or seeking reorganization or any other relief under the federal bankruptcy laws and the con-

tinuance of any such petition undischarged
for a period of 60 days; or

(6) The Company shall be in material breach
of any material, representation, warranty or under-
taking pursuant to this Agreement, which breach shall
continue for thirty (30) days after notice thereof
has been forwarded to the Company by CEA;

then CEA may declare, by written notice of default
given to the Company, this Agreement to be terminated
and the Company shall, immediately thereafter, redeliver
all property of CEA then held by the Company and in the
event that 24 hours following written demand for redelivery
of such property, CEA may enter onto the property of the
Company for the purposes of reclaiming any of such pro-
perty which has not been returned to CEA.

11. Connecticut Resources Recovery Authority.

This Agreement has been executed subject to
the approval of the Connecticut Resources Recovery Authority
("CRRA"). In the event that such approval is denied for any
reason, the parties hereto shall use their best efforts to
enter into an amendment or restatement of this Agreement on
terms and conditions as similar in all respects to this
Agreement as shall be acceptable to CRRA. It is expressly re-
cognized that, pursuant to certain agreements between CRRA and
CEA, the rights and obligations of CEA under this Agreement,
may, under certain circumstances, be assigned to CRRA or
otherwise transferred to CRRA by operation of law.

12. Other Provisions.

12.1 The Company shall perform its services under this Agreement as an independent contractor and shall not act in any respect as the agent of CEA nor shall it hold itself out in any manner as the agent of CEA.

12.2 This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof, and merges and supersedes all prior discussions, agreements and understandings of any nature between them.

12.3 The Company may not assign this Agreement without the written consent of CEA except that it is expressly understood that the subcontracting of any operation of this contract to any corporation, the majority of the stock of which is held by Messrs. Benny Villani and Martin Sternberg, shall not constitute an assignment for the purpose of this Agreement.

12.4 This Agreement may not be modified or terminated, except in writing, signed by both parties hereto and shall be construed and interpreted according to the laws of the State of Connecticut.

12.5 All notices, requests, demands and other communications hereunder shall be in writing

and shall be deemed to have been duly given if delivered by hand or mail certified or registered mail to either party hereto at the address first stated above, unless and until such time as either of such party shall notify the other party in writing of a change of address.

12.6 This Agreement may be executed simultaneously in two or more counterparts each of which shall be an original, all of which together shall constitute one of the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

COMBUSTION EQUIPMENT ASSOCIATES, INC.


By: 

COMPACTION SYSTEMS CORPORATION OF CONNECTICUT

By: 

As to Section 9 of the Agreement only:

COMPACTION SYSTEMS CORPORATION

By: 

COMBUSTION EQUIPMENT ASSOCIATES, INC.

555 Madison Avenue
New York, New York 10022

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December , 1976

Compaction Systems Corporation
of Connecticut
1381 Oak Point Avenue
Bronx, New York 10474

Attention: Mr. Martin Sternberg

Dear Sirs:

Reference is made to the Agreement of even date herewith between Combustion Equipment Associates, Inc. and Compaction Systems Corporation of Connecticut. As an inducement to you to execute the Agreement, we hereby consent to an amendment to the compensation provisions of the Agreement under the circumstances set forth below in this letter.

We will cooperate with you in making adequate test-runs for the purpose of determining the validity of our assumption (as set forth in Section 2.1 of the Agreement) that one cubic yard of material of the type to be hauled pursuant to the Agreement will weigh out on the average to approximately five hundred (500) pounds or less. In the event that upon conclusion of our test-runs, which shall be conducted at your earliest possible convenience and to your satisfaction, we have determined the average weight of such material to be in excess of five hundred (500) pounds per cubic yard, we will immediately amend the Agreement to increase your compensation for the hauling of all material where the payment of fees is computed on a cubic yard basis so that, with respect to the hauling of such material, your compensation shall be at least equal to \$6.00 per ton for all material hauled.

Very truly yours,

COMBUSTION EQUIPMENT ASSOCIATES,
INC.

ACCEPTED AND AGREED TO:

Compaction Systems
Corporation of Connecticut

By W. A. T. J. P.

By L. J. J. J. J. J.

CO. MBUSTION EQUIPMENT ASSOCIATES, INC.

555 Madison Avenue
New York, New York 10022

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December , 1976

Compaction Systems Corporation
of Connecticut
1381 Oak Point Avenue
Bronx, New York 10474

Attention: Mr. Martin Sternberg

Dear Sirs:

Reference is made to the Agreement of even date herewith between Combustion Equipment Associates, Inc. and Compaction Systems Corporation of Connecticut. As an inducement to you to execute the Agreement, we hereby consent to an amendment to the compensation provisions of the Agreement under the circumstances set forth below in this letter.

We will cooperate with you in making adequate test-runs for the purpose of determining the validity of our assumption (as set forth in Section 2.1 of the Agreement) that one cubic yard of material of the type to be hauled pursuant to the Agreement will weigh out on the average to approximately five hundred (500) pounds or less. In the event that upon conclusion of our test-runs, which shall be conducted at your earliest possible convenience and to your satisfaction, we have determined the average weight of such material to be in excess of five hundred (500) pounds per cubic yard, we will immediately amend the Agreement to increase your compensation for the hauling of all material where the payment of fees is computed on a cubic yard basis so that, with respect to the hauling of such material, your compensation shall be at least equal to \$6.00 per ton for all material hauled.

Very truly yours,

COMBUSTION EQUIPMENT ASSOCIATES,
INC.

ACCEPTED AND AGREED TO:

Compaction Systems
Corporation of Connecticut

By W. A. J. P.

By L. J. J. J. J. J.